

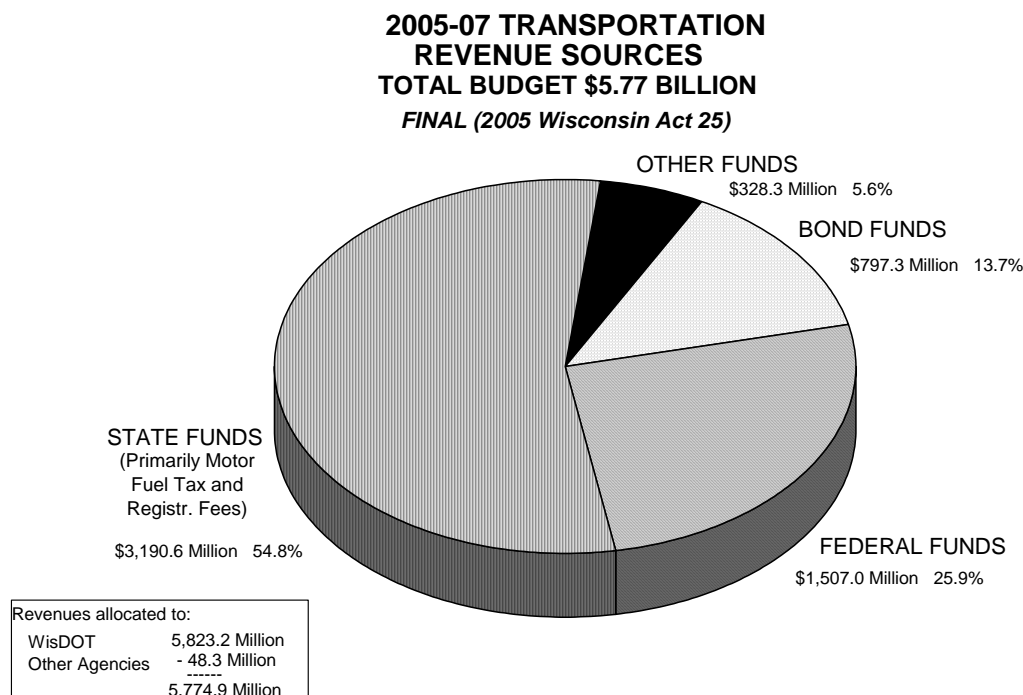
2005-07 Biennial Budget Highlights 2005 Act 25

Wisconsin Department of Transportation

This document highlights the major issues relating to the Department of Transportation's 2005 – 07 biennial budget, as finalized by legislative action and the Governor's vetoes to 2005 Wisconsin Act 25.

Revenue Sources – The pie chart below shows the Department's revenue sources in four categories: State Funds, Federal Funds, Bond Funds, and Other Funds.

State transportation funds are comprised primarily of state motor fuel tax, vehicle registration, driver's license, and other miscellaneous fees. Other funds are comprised of Local and Program Revenue sources.



19-Sep-05

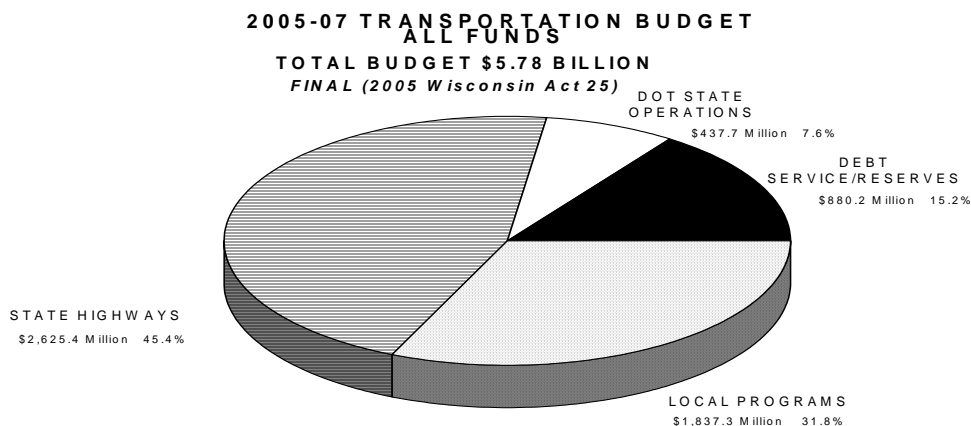
Revenue Initiatives

As provided for in the budget, vehicle title fees will be raised by \$10 to \$45. This change will generate \$11.25 million in FY 06 and \$15 million in FY 07. Duplicate titling fees increase from \$8 to \$20, generating \$0.5 million in FY 06 and \$0.6 million in FY 07. Title fees will increase on October 1, 2005.

The budget includes an increase of the state rental vehicle fee from three percent to five percent of gross receipts for applicable vehicles, generating \$1.6 million in FY 06 and \$2.2 million in FY 07. These funds are designated for the Department of Tourism.

The budget reduces gross registration fee revenues by \$0.3 million in FY 06 and \$19,500 in FY 07. This represents the \$15 issuance and reissuance fee on military group plates, which will now go to the Veterans Trust Fund. Of the \$0.3 million in revenue collected from issuance/reissuance fees on these plates in FY 06, the Department will be allowed to keep \$27,600 to fund development costs associated with the newly authorized Friends of Veterans plates.

Expenditures -- The following pie chart separates the Department's expenditures into four categories: State Highways, Local Programs, Debt Service and Reserves, and DOT State Operations.



02-Aug-05

Below are a number of major transportation expenditures contained within the budget for the 2005-07 biennia.

Highway Program

Southeast Freeways – The budget appropriates \$377.3 million for FY 06 and \$93.9 million for FY 07 in total program funding. Government Obligation (GO) bond funds will provide 56% of program funding for Southeast Wisconsin Freeway projects in FY 06 and zero percent in FY 07.

The budget for the Southeast Freeway System Program includes funding for the Marquette Interchange at the junction of I-94, I-794, and I-43:

- Marquette Interchange -- The 2005-07 budget uses a combination of state and federal funds to substantially complete funding for the Interchange. Funding in FY 06 includes \$213 million in 20-year GO bonds. Over the entire life of the Marquette project bonding is expected to provide approximately 36% of the Interchange's \$810 million estimated cost.

In addition to funding the Marquette Interchange, the budget provides \$19.3 million in FY 06 and \$49.3 million in FY 07 for other Southeast Freeway rehabilitation projects, \$9.5 million in FY 06 and \$19.7 million in FY 07 for the cost of preliminary engineering work on I-94 between the Mitchell Interchange and the Illinois state line. This insures work can begin in 2009 after completion of the Marquette Interchange Project. The budget also provides \$3 million in FY 06 to begin preliminary engineering work for the Zoo Interchange reconstruction project.

Majors Highway Program – This program supports the development or reconstruction of a highway within an existing transportation corridor. The budget provides total program funding of \$243.9 million in FY 06 and \$298.8 million in FY 07. Transportation Revenue (TR) bond funds will comprise 61.8% of program funding in FY 06 and 49.1% in FY 07.

The budget includes a two percent inflationary increase in each year along with an additional increase of \$50 million for program expansion in FY 07. The budget does not enumerate any new highway projects.

State Highway Rehabilitation (SHR) – This program improves deteriorated pavement and roadway base, and modernizes State Trunk Highways to meet current and projected travel needs. The budget allocates \$595.4 million in total funding for FY 06 and \$614.4 million in FY 07. GO bonding levels for the SHR program is 41.9% in FY 06 and zero percent in FY 07.

The budget includes a two percent inflationary increase in each year along with an additional increase of \$28.5 million in FY 06 and \$36.5 million in FY 07 for program expansion.

The budget also requires DOT to construct a new Sturgeon Bay Bridge, prior to reconstruction of the existing Michigan Street Bridge. The budget authorizes the Department to use a design-build contract for the project and requires construction to start within one year of the effective date of the executive budget bill.

Finally, the budget provides the SHR program with \$722,000 in FY 07 for 10 new civil engineering positions.

State Highway Maintenance & Traffic Operations – This program includes snowplowing, applying salt, inspecting bridges, maintaining rest areas and waysides, replacing signs, installing traffic signals, and repainting highway markings. The budget provides \$173.2 million for FY 06 and \$179.4 million in FY 07.

The budget includes a two percent inflationary increase in each year, along with an additional increase of \$2.9 million in FY 06 and \$6.4 million in FY 07 for system growth. The budget also creates a separate appropriation for lift bridge operations, and transfers \$1,760,600 in FY 06 and \$1,804,400 SEG in FY 07 from the state highway maintenance appropriation to the new appropriation, and provides additional funding of \$428,000 per year.

Local Aid Programs

General Transportation Aids (GTA) are distributed to local governments to partially offset the cost of maintaining and improving roads and streets. Including a two percent inflationary increase, the budget provides funding of \$183.7 million for counties and \$578 million for municipalities for the biennium.

Elderly and Disabled Aids are distributed to counties to support the continued mobility of these populations. The budget includes a \$2 million increase in FY 06 and a \$4 million increase in FY 07, for total program funding of \$13.4 million in FY 06 and \$15.4 million in FY 07.

The budget provides a two percent inflationary increase for the Transit Operating Aids Program and the Local Roads Improvement Program (LRIP). Funding for LRIP totals \$46.7 million for the biennium. In addition, the budget creates a separate appropriation for discretionary LRIP programs and shifts \$7 million from the existing LRIP base to the new LRIP discretionary appropriation. The budget provides \$200.3 million for Transit Operating Aids.

The budget increases funding for the Transportation Facilities Economic Assistance and Development Program (TEA) to \$8.4 million for the biennium. In addition to the maintenance funds appropriated for lift bridges, as described above under maintenance and traffic operations, Lift Bridge Aids funding is increased to fully fund the program at \$3.7 million for the biennium.

The budget provides the Airport Improvement Program with inflationary increases of two percent in FY 06 and FY 07. Funding for the program totals \$25.3 million for the biennium.

Passenger rail assistance receives \$11.6 million in total program funding for the biennium. This amount includes an appropriation of \$800,000 in FY 06 for the Commuter Rail Grant Program. The budget veto message also directs DOT to identify other sources of funding to fill an anticipated shortfall in funding for Amtrak's Hiawatha service. In addition, the budget authorizes \$12 million in GO bond funds for freight rail improvements.

Harbor funding totals \$1.2 million for the biennium. The budget also appropriates an additional \$117,800 annually as Wisconsin's share of the Soo Locks Project, and \$12.7 million in GO bond funds for harbor improvement for the biennium.

Service Divisions

State Patrol --- The budget provides \$764,500 in FY 07 for 10 additional state troopers. In addition, the budget provides \$118,200 in FY 06 and \$236,300 in FY 07 to replace obsolete portable radio communications equipment that links sworn staff, when they are out of their vehicles, to dispatchers. The budget also includes program revenue funding of \$149,600 in FY 06 and \$299,200 in FY 07 to replace Intoximeter EC/IR instruments used in the breath alcohol-testing program. This equipment supports the prosecution of drivers who operate motor vehicles while intoxicated. Finally, the budget provides \$629,800 in FY 06 and \$713,400 in FY 07 to fund costs associated with fleet operations for State Patrol.

Motor Vehicles – The budget includes \$100,000 in both FY 06 and FY 07 for automation of the Employer Notification System. This change assists employers of commercial drivers with hazardous material endorsements to implement provisions of the USA PATRIOT Act of 2001.

The budget requires DOT to create two new special license plates. First, the Friends of Veterans Plate will be available to vehicle owners who wish to show support for veterans. The bill allows DOT to recoup \$27,600 in FY 06 for developmental costs, which will be paid from the \$15 issuance fee. Second, the Gold Star Plate will be available to persons who have had an immediate family member die in combat while serving in the U. S. armed forces. No issuance or reissuance fee shall be charged for the Gold Star plate, but the budget provides \$10,000 in FY 06 and \$18,000 in FY 07 for DOT costs related to issuing this plate.

General Fund Activity

The budget redirects \$427 million over the biennium from the Transportation Fund to the state General Fund – approximately \$338.4 million in FY 06 and \$88.6 million in FY 07. Of this total, GO bonding revenues will replace \$250 million, with debt service supported by the General Fund.

Other Issues

The budget creates a Regional Transportation Authority (RTA) covering Kenosha, Milwaukee and Racine counties to study the need for and feasibility of a permanent RTA related to transit in those three counties.

The budget provides for a total FTE reduction of 236 for the biennium, compared to 364 FTE included in the Department Contingency plan submitted to the Department of Administration (DOA). Most of the restored positions are in engineering, IS services, and customer service. Permanent base budget reductions total \$19.9 million in FY 06 and \$18 million in FY 07.

The budget consolidates seven IT staff FTE to DOA as part of the server consolidation initiative.

The additional trooper and engineer positions described above, and the staff consolidations to DOA provided in the budget result in a net reduction of 224 FTE's for the Department in the 2005-07 biennium. Under the budget total departmental FTE will be 3422 at the end of FY 07.